

Mississippi State Board of Public Accountancy

RULES & REGULATIONS

Summary of Proposed Board Rules Changes

At its meeting on June 5, 2015, the Board adopted proposed amendments to its Rules discussed at previous meetings. As required by state law, the entire text of these proposed rules changes was posted with the Secretary of State's office, as well as on the Board's web site. The Rules changes cannot take effect until a minimum 25 day comment period has passed, with hearings granted to affected parties in the interim, if requested. The Rules changes are not expected to take effect until the legal minimum of days has passed from the date of Final Adoption by the Board at a future Board meeting later this summer.

Below is a description of each proposed change:

Rule 5.1. Describes the Purpose of the Board's Compliance Assurance Program. This change amends the description of engagements subject to peer review to include preparation of financial statements by a CPA firm on which no report is made, such as engagements defined in the AICPA Statement on Standards for Accounting and Review Services (SSARS) Number 21, Section 70

Rule 6.7.1. Prohibits the use of contingent fees in certain instances. This change makes minor formatting changes to clarify the Board Rule and make it more understandable.

Rule 6.17.13. Makes it a prohibited act if any CPA or firm permit holder has had his right to practice accounting suspended or revoked by any state or federal regulatory authority. This amendment adds the Public Company Accounting Oversight Board (PCAOB) to the list of regulatory authorities covered by this Rule.

The **Schedule of Fees** will be revised to include: a \$10 increase in the CPA License fee (annual and initial registration); a \$110 firm permit fee (annual and initial registration) for Out-of-State firms with a Mississippi Firm Permit having no physical office in Mississippi (those CPA firms having at least one physical office in the State of Mississippi will not be charged a firm permit fee); and the Board added a paragraph under "Other" to disclose fees charged by 3rd party service providers.

Clean:

Title 30: Mississippi State Board of Public Accountancy

Part 1: Mississippi State Board of Public Accountancy Rules and Regulations

Part 1 Chapter 5 Compliance Assurance Program

Rule 5.1. Purpose

The purpose of the Board's compliance assurance program (CAP) is to monitor compliance with applicable accounting and auditing standards adopted by generally recognized standard-setting bodies, thus improving the quality of financial reporting assuring that the public can rely on the fairness of presentation of financial information by CPA firms. Such presentations would include: (a) those on which a practice unit issued or should have issued reports in accordance with professional standards, including audits, reviews, compilations, agreed upon procedures, forecasts, projections, other special reports or any accounting and auditing services defined for peer review purposes, and (b) preparation of financial statements by a CPA firm on which no report is made, such as engagements defined in the AICPA Statement on Standards for Accounting and Review Services (SSARS) Number 21, Section 70. In the event a CPA firm does not comply with established professional standards, or a firm's professional work is so inadequate as to warrant disciplinary action, the Board shall take appropriate action to protect the public interest. This chapter shall not require any firm to become a member of any sponsoring organization.

Marked-Up:

Title 30: Mississippi State Board of Public Accountancy

Part 1: Mississippi State Board of Public Accountancy Rules and Regulations

Part 1 Chapter 5 Compliance Assurance Program

Rule 5.1. Purpose

The purpose of the Board's compliance assurance program (CAP) is to monitor compliance with applicable accounting and auditing standards adopted by generally recognized standard-setting bodies, thus ~~improve~~ improving the quality of financial reporting assuring that the public can rely on the fairness of presentation of financial information by CPA firms. Such presentations would include: (a) those on which a practice unit issued or should have issued reports in accordance with professional standards, including audits, reviews, compilations, agreed upon procedures, forecasts, projections, other special reports or any accounting and auditing services defined for peer review purposes, and (b) preparation of financial statements by a CPA firm on which no report is made, such as engagements defined in the AICPA Statement on Standards for Accounting and Review Services (SSARS) Number 21, Section 70. In the event a CPA firm does not comply with established professional standards, or a firm's professional work is so inadequate as to warrant disciplinary action, the Board shall take appropriate action to protect the public interest. This chapter shall not require any firm to become a member of any sponsoring organization.

Clean:

Title 30: Mississippi State Board of Public Accountancy

Part 1: Mississippi State Board of Public Accountancy Rules and Regulations

Part 1 Chapter 6: Rules of Professional Conduct

Rule 6.7. Contingent Fees

Rule 6.7.1. A CPA or firm permit holder in public practice shall not:

- (a) perform for a contingent fee any professional services for, or receive such a fee from a client for whom the CPA or firm permit holder performs,
 - (i) an audit or review of a financial statement; or
 - (ii) a compilation of a financial statement when the CPA or firm permit holder expects, or reasonably might expect, that a third party will use the financial statement and the CPA's or firm permit holder's compilation report does not disclose a lack of independence; or
 - (iii) an examination of prospective financial information; or
- (b) prepare an original or amended tax return or claim for a tax refund for a contingent fee for any client.

The prohibition in (a) above applies during the period in which the CPA or firm permit holder is engaged to perform any of the services listed above and the period covered by any historical financial statements involved in any such listed services.

Marked-Up:

Title 30: Mississippi State Board of Public Accountancy

Part 1: Mississippi State Board of Public Accountancy Rules and Regulations

Part 1 Chapter 6: Rules of Professional Conduct

Rule 6.7. Contingent Fees

Rule 6.7.1. A CPA or firm permit holder in public practice shall not:

- (a) perform for a contingent fee any professional services for, or receive such a fee from a client for whom the CPA or firm permit holder performs:
 - ~~(a)~~ (i) an audit or review of a financial statement; or
 - ~~(b)~~ (ii) a compilation of a financial statement when the CPA or firm permit holder expects, or reasonably might expect, that a third party will use the financial statement and the CPA's or firm permit holder's compilation report does not disclose a lack of independence; or
 - ~~(c)~~ (iii) an examination of prospective financial information; or
- ~~(d)~~ (b) prepare an original or amended tax return or claim for a tax refund for a contingent fee for any client.

The prohibition in ~~Rule 6.7.1. (a)~~ above applies during the period in which the CPA or firm permit holder is engaged to perform any of the services listed above and the period covered by any historical financial statements involved in any such listed services.

Clean:

Title 30: Mississippi State Board of Public Accountancy

Part 1: Mississippi State Board of Public Accountancy Rules and Regulations

Part 1 Chapter 6: Rules of Professional Conduct

Part 1 Chapter 16: Prohibited Acts

Rule 6.17.13. The CPA or firm permit holder has had his right to practice accounting suspended or revoked by any state or federal regulatory authority or by the Public Company Accounting Oversight Board (“PCAOB”).

Marked-Up:

Title 30: Mississippi State Board of Public Accountancy

Part 1: Mississippi State Board of Public Accountancy Rules and Regulations

Part 1 Chapter 6: Rules of Professional Conduct

Part 1 Chapter 16: Prohibited Acts

Rule 6.17.13. The CPA or firm permit holder has had his right to practice accounting ~~before~~ suspended or revoked by any state or federal ~~agency~~ regulatory authority or by the Public Company Accounting Oversight Board (“PCAOB”).

Clean:

SCHEDULE OF FEES

****CPA LICENSE**

Annual and initial registration	\$110
Late fee	150
Processing fees:	
Mississippi initial application	100
Reciprocal initial application	100
Reinstatement of license	200
Transfer of status to/from another State Board	50
Replacement certificate of licensure	100
Background screening fees	Cost of Background Check

****CPA FIRM PERMIT - Annual and initial registration:**

- | | |
|--|-------|
| a) Those CPA firms having at least one physical office
within the State of Mississippi | \$ 00 |
| b) Out-of-State CPA Firms with a Mississippi firm permit
which have no physical office in Mississippi | 110 |

OTHER

- ** In addition to the renewal, application and other fees listed above, 3rd party service providers may charge: transaction fees for use of credit card or e-check; and “e-Government” fees for development and maintenance of websites and online licensing and database applications on behalf of the Board.

Marked-Up

SCHEDULE OF FEES

****CPA LICENSE**

Annual and initial registration	\$100 <u>\$110</u>
Late fee	150
Processing fees:	
Mississippi initial application	100
Reciprocal initial application	100
Reinstatement of license	200
Transfer of status to/from another State Board	50
Replacement certificate of licensure	100
Background screening fees	Cost of Background Check

CPA FIRM PERMIT

Annual and initial registration	\$ 00
--	------------------

****CPA FIRM PERMIT - Annual and initial registration:**

- | | |
|--|--------------|
| a) <u>Those CPA firms having at least one physical office within the State of Mississippi</u> | <u>\$ 00</u> |
| b) <u>Out-of-State CPA Firms with a Mississippi firm permit which have no physical office in Mississippi</u> | <u>110</u> |

OTHER

**** In addition to the renewal, application and other fees listed above, 3rd party service providers may charge: transaction fees for use of credit card or e-check; and “e-Government” fees for development and maintenance of websites and online licensing and database applications on behalf of the Board.**